

TAX BREAKS ARTICLE JULY 2008



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Significant Changes in Tax Rates particularly Related to Property Owners and Property Developers

The Tax Stimulation Package, recently announced in respect of 2008, has lifted the personal income tax zero tax band from Bt 100,000 to Bt 150,000. Otherwise the taxation bands remain the same starting with the 10% band for the next Bt 350,000 of income with the top rate of 37% kicking in after a further Bt 3.5 m of income in total. Combined with the standard allowance of Bt 60,000 per annum and a few other allowance entitlements, most people will now have to earn more than Bt 20,000 per month before they pay tax. Maximum benefit to individuals from the changes is only Bt 18,500!!

For individuals however there are now even bigger tax breaks for investing in retirement funds or approved long term equity funds where full tax exemption has been raised from Bt 300,000 per annum to Bt 500,000 per annum.

Small companies (capital Bt 5m or less) are also given an equivalent tax break on the first Bt 150,000 of taxable profits. Otherwise the rates remain the same. There is therefore a maximum additional benefit of Bt 45,000 for companies. Nothing again to write home about.

However the changes in the property sector are significant with the SBT on sales of almost all types of immovable property reduced from 3.3% to 0.11% and the transfer fee reduced from 2% to 0.1% for one year from 28th March. The government is clearly worried about the property sector. Now is perhaps the time to upgrade to a new property but beware of the income taxes you may have to pay on any capital gain.

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